

REPRESENTATIVE HAROLD FORD, JR.

Squawk Box

CNBC-TV, August 20, 2004, 9:05 AM

Interview with Representative Harold Ford, Jr.

### **BROADCAST EXCERPT**

MARK HAINES: A new push in Washington to make investing a part of every child's life. In a Washington Post op-ed piece by our next guest, the following was written, "Imagine in America where a 13-year-old girl attending a struggling public school logs onto the Internet or turns on CNBC every day to check her stock portfolio."

Joining us in the studio to tell us what Capitol Hill is doing these days to make the situation like this come to life, Representative Harold Ford, Democrat from Tennessee, who is also a prime mover in the Kerry campaign.

Good morning, sir.

REPRESENTATIVE HAROLD FORD, JR. [D-TN]: Good morning.

HAINES: Good to see you again.

REPRESENTATIVE FORD: Glad to be here. Thank you.

HAINES: What would be some of the nitty gritty here? How are we going to get to this, obviously, it's a good idea, but how do we get there?

REPRESENTATIVE FORD: First of all, thanks for having me. The idea is a straightforward one. We provide an account for every newborn in America, \$500 account. If you are born into a family below the national median income, we provide you with an additional \$500, and for every contribution made to a child's account below the national median income, we match it dollar for dollar -- the federal government will.

Anyone can contribute up to \$1,000 a year after taxes are paid to anyone's account they choose, and the money will grow over a period of time, and once you graduate from high school it can be used for three purposes: College, home ownership or at the age of 30 it rolls over to an IRA and it's governed in many ways like those accounts are. One of the other beauties of it is at the age of 30, every kid who receives

this account has to pay back his or her \$500 principle investment with the hope that we breed some responsibility, and over a period of time, these kids come to learn the power of compound interest, their parents come to understand -- become more financially literate over a period of time, and I look forward to the day, not only the kids turn on CNBC, but look forward to the day that a lot of the folks that you all talk about and cover on this network will begin to market products for these families and for these kids coming out of junior high school and high school all across the country.

HAINES: Sounds wonderful. I'm for anything that gets people to watch CNBC, but it also -- you must have run the costs and it sounds expensive.

REPRESENTATIVE FORD: Ten years, \$40 billion. We enjoy the support of two influential senators, Jon Corzine from New Jersey and Rick Santorum from Pennsylvania. In the House, we have the support of two key members, one of the Ways and Means Committee, and the other the Education Committee, two key committees that will usher this through, Phil English and Tom Petri, as well as my dear friend from Rhode Island, Patrick Kennedy.

So we have broad bipartisan support for the bill, and it's my hope that we can build on some of the things that have been talked about in Washington involving building a larger ownership society. The reality is we talk a lot about it, but we really don't give everyone an opportunity to buy into it, and this combines both the best of Republican and Democratic ideals. Republicans believe largely in the market working, Democrats believe stereotypically that you've got to give people something. So why not give people a chance to let the market work for them.

I believe in both principles, they are both kind of tenets, but if you don't bring the market to people it just can't work, and this idea, I hope, will do just that. It's modeled along the lines that something that Tony Blair has done in Great Britain.

DAVID FABER: How is that going in Great Britain? Because I know it is modeled along the lines they put, what, up to \$800 in sort of a trust for kids there?

REPRESENTATIVE FORD: It's in its early stages, so it's hard to tell, I mean, this is something that's a 10 to 20 year investment, but frankly, I don't see how it can't work, and at the end of the day if it doesn't work than I'm willing to say it didn't and we ought to try something different, but I think at the end of the day it has the potential to do so many things. Can you imagine these large foundations and philanthropists in the country challenging school systems across the country? If your kids attend school and grades are up that will make \$1,000 contributions to some 10,000 kids across the country, are challenging kids to learn foreign languages or challenging kids to get summer jobs or seek summer enrichment opportunities? I think the potential for the program at the risk of sounding self-serving is large, some would say even limitless, so I'm excited about it and I think it can even pass next year.

HAINES: Not to be a wet blanket, the \$40 billion fee you quote I assume is the funding.

REPRESENTATIVE FORD: Is the funding.

HAINES: Okay. This also sounds like it would be a huge administrative task.

REPRESENTATIVE FORD: Well, what we will do is to create a board within the Department of Treasury and their accounts would be managed a lot like the Thrift plans are that we members of Congress enjoy, and I've heard the presidential candidate that I support over and over say how he supports a health plan in the country that resembles what we have in Congress. We also have a great retirement plan, Thrift plan, and I would support -- this plan here is modeled along those lines.

The bureaucracy of not is great. I don't think Rick Santorum who is not own for being a big proponent of large bureaucracies would be as enthusiastic a supporter of it. Again, one of the other underlying or sort of under girding points of this is that some in Congress have wanted to privatize parts of Social Security, and one of the reasons I've been attracted to the idea of allowing a small portion of the money to be invested is that for a lot of Americans that tax or that money going towards -- the payroll taxes, well, they are the largest single account or largest single investment, but they can't borrow against it. They can't use it to buy a home or start a business, so this is kind of the flip side of it. It's a much smaller account obviously, but it allows people earlier in life to begin to invest something and to actually own something.

And although the plan is not as large as some people would like, it's not as large as I initially intend it or we really want it initially, but it's large enough to have attracted support of many of our colleagues, and hopefully large enough to pass, or I should say suitable to pass and it has the capacity to grow over a period of time.

FABER: Well, one thought on that is with respect to the low dollar amount -- initial funding, the \$500 limit, that's a great starting point, but would it be enough to get you where you need to be after 18 years, 20 years? It seems like a lot of the growth has to come from contributions, and would you think about incentives to get contributions and move capital from different sources into these kinds of accounts to benefit the kids?

REPRESENTATIVE FORD: For, again, kids -- great question. For kids who come from families earning below -- right now the median income level is about \$42,300 and a little more. For every dollar invested in those kids' account, we match it, you and I --

FABER: Right.

REPRESENTATIVE FORD: The government would match \$500, the first \$500 of it. Kids can make donations. Can you imagine if you had summer jobs here at this network or somewhere else and the network said for every dollar the kid puts in we'll

donate another dollar in addition to what the government puts in? Again, I think again the potential there is great for it to happen.

Now, college tuition continues to rise, and we'll have to address that in other bill or I should say another setting in Congress, but I want to give everyone an opportunity to own part of America, and give every parent an opportunity to know that their kid has something, that their child will have something upon graduation from high school, again, I look forward to the day that all these big firms that I read about -- I serve on the Financial Services Committee, but these big firms we read about and hear about are marketing products in communities, in schools that, frankly, are overlooked today.

REBECCA QUICK: Congressman Ford while we have you here, you've been very closely involved with the Kerry campaign. When you saw the Democratic National Convention there was a lot of talk about the fact that Senator Kerry did not get a bigger jump in the polls coming out of that convention. There's a lot of people saying that that's a poor indication, and first of all, why do you think that happened? And second of all, what do you expect -- we're only about a week, week and a half away from the Republican National Convention. Do you expect to see President Bush getting a big pop in the polls after that?

REPRESENTATIVE FORD: Great questions. I think the country is very settled in a lot of ways, and we saw that after the Democratic Convention. I think a lot of the bump that we enjoyed came when John Kerry selected John Edwards as his running mate. We had a great convention. Bill Clinton laid out and reminded us what a good President could do. Barack Obama inspired Democrats in the country. John Edwards convinced us, confirmed that he was the right choice, and John Kerry was the cleanup hitter, and demonstrates to America that he is competent enough, he has the judgment and experience to be President.

I expect the Republicans will enjoy a large bounce out of their convention. They're here wrapping themselves in the 9/11 flag, which I think is inappropriate in many ways, but it's their choice, and certainly their prerogative, and they'll probably enjoy a big 10 to 15 point bounce out of their convention, but this race is some 75 days away. We're excited about it, and I firmly believe that as voters come to learn more and more about John Kerry and learn more and more about his message that they're going to want a President who is willing to address the high prices, the lack of health insurance and the fact that we didn't have a post-war plan in Iraq.

FABER: Ten to fifteen points -- so when it's a percent, whoa!

REPRESENTATIVE FORD: I look forward to their convention and look forward to hearing the President talk about what he will do for the next four years. He hasn't done it up to this point, and hopefully, he'll take --

HAINES: You mean hearing what he would like to do for the next four years?

REPRESENTATIVE FORD: Sure. Absolutely. And what his plans are if reelected. We've laid out ours, and we look forward to hearing his.

HAINES: Congressman, thank you very much for your time.

REPRESENTATIVE FORD: Thank you.

HAINES: Always a pleasure. Representative Harold Ford, Democrat from Tennessee.

[END OF INTERVIEW.]